

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 /086 W
-----022559 011354Z /43

R 010945Z JUL 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 9325
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
USMISSION BERLIN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMCONSUL FRANKFURT
AMEMBASSY LONDON
USMISSION NATO
AMEMBASSY PARIS
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW

C O N F I D E N T I A L MOSCOW 9456

E.O. 11652: GDS
TAGS: EFIN, COMECON, GW, UR
SUBJECT: SOVIET FOREIGN TRADE BANK BORROWING

REF: (A) FRANKFURT 4875, (B) FRANKFURT 4701, (C) MOSCOW 6733

1. RELIABLE WESTERN BANKER PARTICIPATING IN IIB SYNDICATE
LOAN TOLD E/C COUNSELOR JUNE 30 THAT HE EXPECTS IIB TO BE
BACK IN MARKET FOR NEW SYNDICATED LOAN AS SOON AS IT HAS
COMPLETED DRAWDOWN OF LATEST \$500 MILLION BORROWING. DRAW-
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DOWN WILL OCCUR SERIATIM AND MAY REQUIRE SEVERAL MONTHS.
WHILE EARLY 1978 TIME FRAME REPORTED REF B (PARA 5) WOULD
BE CONSISTENT WITH THIS, NEGOTIATIONS FOR NEW LOAN WOULD
START IN LATE 1977 AND BE CONSUMMATED IN EARLY 1978.
HOWEVER, SOURCE FELT THAT IIB NEED FOR MONEY WAS SUFFICIENTLY
ACUTE TO INCLUDE POSSIBILITY OF FASTER DRAWDOWN OF PRESENT
LOAN AND EARLIER RETURN TO EUROMARKET.

2. SOURCE ALSO SAID THAT IIB DEPUTY DIRECTOR KILTZ AND TWO COLLEAGUES WILL BE VISITING UNITED KINGDOM JULY 3-10 FOR TALKS WITH NUMBER OF BANKS. ASKED IF IIB MIGHT BE TALKING TO SOME LAW FIRMS, TOO, SOURCE SAID HE WAS SURE THAT BANKS WOULD HAVE THEIR LAWYERS AROUND WHEN KILTZ CAME CALLING. THOUGHT WAS THAT IIB COULD STRENGTHEN ITS OPTIONS BY CLEARING THE DECKS IN BRITAIN, AFTER SUCCESS IN FRG, OF ANY DOUBTS OCCASIONED BY IBEC'S PROBLEMS LAST JANUARY.

3. WE HAVE RECENTLY SPOKEN WITH EAST/WEST MARKETS ASSOCIATE EDITOR RICHARD HORNIK, WHO IS STICKING BY HIS LONELY POSITION THAT SOVIET FOREIGN TRADE BANK (VTB) WILL SOON RETURN TO EUROMARKET FOR LARGE LOAN. OUR SOURCES HERE STILL KNOW NOTHING THAT WOULD CONFIRM THAT RUMOR. HORNIK STRENGTHENED OUR IMPRESSION, HOWEVER, THAT IF VTB GOES TO MARKET, IT MAY FIRST TURN TO THE WEST GERMANS, WHO SEEM TO BE SO LIQUID THESE DAYS.

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Message Attributes

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Copy: SINGLE
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Reason:
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